

SMITH COUNTY, KANSAS
Smith Center, Kansas

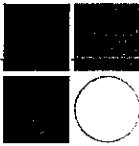
Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended December 31, 2007

SMITH COUNTY, KANSAS
Primary Government Financial Statements
With Independent Auditors' Report
For the Year Ended December 31, 2007

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Smith County, Kansas
218 S. Grant
Smith Center, Kansas 66967

We have audited the accompanying primary government financial statements of **Smith County, Kansas**, as of and for the year ended December 31, 2007, which collectively comprise the financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of **Smith County, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets of the aggregate discretely presented component units would have been reported as \$698,249.

As described more fully in Note 1, **Smith County, Kansas**, prepares its financial statements using accounting practices prescribed or permitted by the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph and the second preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Smith County, Kansas**, as of December 31, 2007, or changes in financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the primary government of **Smith County, Kansas**, as of December 31, 2007, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

July 7, 2008

SMITH COUNTY, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2007

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Fund	\$ 101,679	-	1,536,699	1,340,687	297,691	83,343	381,034
Special Revenue Funds							
Road and Bridge Fund	320,816	-	1,677,815	1,647,154	351,477	81,299	432,776
Bridge Building Fund	19,682	-	8,731	28,413	-	-	-
Special Machinery Fund	130,855	-	100,200	-	231,055	-	231,055
Noxious Weed Fund	198,014	-	301,170	331,001	168,183	38,485	206,668
Health Fund	26,206	-	300,188	219,441	106,953	1,123	108,076
Appraiser's Cost Fund	6,705	-	108,366	123,076	(8,005)	42,876	34,871
Employee Benefit Fund	512,802	-	626,534	949,319	190,017	-	190,017
Hospital Maintenance Fund	7,906	-	224,417	223,975	8,348	-	8,348
Ambulance Service Fund	32,148	-	330,896	357,165	5,879	29,568	35,447
Mental Health Fund	-	-	23,489	23,489	-	-	-
Mental Retardation Fund	-	-	28,257	28,257	-	-	-
Special Alcohol Fund	20,488	-	8,818	10,000	19,306	-	19,306
911 Telephone Fund	25,073	-	22,554	43,571	4,056	-	4,056
E-911 Telephone Fund	(3,923)	-	54,855	53,557	(2,625)	-	(2,625)
Register of Deeds Technology Fund	10,747	-	4,821	3,224	12,344	-	12,344
EMS Grant Memorial Fund	13,809	-	300	5,018	9,091	-	9,091
Bridge Construction Grant Fund	(74,031)	-	78,031	4,000	-	-	-
Guest Tax Fund	6,511	-	6,741	2,300	10,952	-	10,952
Debt Service Fund							
Bond and Interest Fund	2,078	-	32,575	32,641	2,012	-	2,012
Proprietary Fund							
Enterprise Fund							
Solid Waste Fund	364,958	-	270,748	213,031	422,675	9,806	432,481
Fiduciary Fund							
Private Purpose Trust Funds							
Prosecuting Attorney's Training Fund	1,142	-	283	133	1,292	-	1,292
Special Motor Vehicle Fund	-	-	384,191	374,416	9,775	-	9,775
Total - Primary Government	\$ 1,723,665	-	6,130,679	6,013,868	1,840,476	286,500	2,126,976

Composition of Cash:

Certificates of Deposit	4,600,000
Checking Accounts	1,803,443
Cash on Deposit	6,403,443
Temporary Notes	185,000
Cash on Hand	40,590
Total Cash	6,629,033
Agency Funds Per Statement 4	(4,502,057)
Total Primary Government	2,126,976
(Excluding Agency Funds)	\$ 2,126,976

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2007

Fund	Certified Budget	Qualifying Budget Credits	Budget for Comparison	Chargeable to Current Year	Favorable (Unfavorable)
Governmental Fund Categories					
General Fund	\$ 1,310,142	93,158	1,403,300	1,340,687	62,613
Special Revenue Funds					
Road and Bridge Fund	1,817,382	-	1,817,382	1,647,154	170,228
Noxious Weed Fund	307,000	93,451	400,451	331,001	69,450
Health Fund	255,250	-	255,250	219,441	35,809
Appraiser's Cost Fund	124,600	-	124,600	123,076	1,524
Employee Benefit Fund	1,015,000	-	1,015,000	949,319	65,681
Hospital Maintenance Fund	225,000	-	225,000	223,975	1,025
Ambulance Service Fund	394,485	-	394,485	357,165	37,320
Mental Health Fund	23,500	-	23,500	23,489	11
Mental Retardation Fund	28,300	-	28,300	28,257	43
Special Alcohol Fund	12,745	-	12,745	10,000	2,745
Debt Service Fund					
Bond and Interest Fund	34,641	-	34,641	32,641	2,000
Proprietary Fund					
Enterprise Fund					
Solid Waste Fund	272,200	-	272,200	213,031	59,169

SMITH COUNTY, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 994,448	1,246,747	1,234,676	12,071
Federal Aid	47,008	54,304	-	54,304 (a)
Licenses and Fees	47,819	53,513	34,900	18,613
Use of Money & Property	55,976	113,386	15,000	98,386
Transfers In	3,695	11,801	-	11,801
Reimbursements	8,802	38,854	-	38,854 (a)
Miscellaneous	4,509	18,094	12,500	5,594
Total Cash Receipts	1,162,257	1,536,699	1,297,076	239,623
Expenditures				
County Commissioners	59,584	52,613	56,500	3,887
County Clerk	57,169	59,076	64,040	4,964
County Treasurer	103,569	91,299	100,100	8,801
County Attorney	63,547	78,394	75,400	(2,994)
Register of Deeds	41,001	41,999	41,900	(99)
Sheriff	271,492	321,126	220,070	(101,056)
Dispatch	114,791	127,674	111,360	(16,314)
Court System	35,418	55,771	41,250	(14,521)
Courthouse General	237,275	320,749	375,000	54,251
Junior College Tuition	3,213	-	-	-
Area Agency on Aging	5,500	4,000	4,000	-
Juvenile Detention	1,015	3,035	3,000	(35)
CASA	3,500	3,500	3,500	-
Airport Maintenance	1,375	1,678	1,500	(178)
Emergency Preparedness	29,532	17,080	26,000	8,920
Soil Conservation	15,000	15,000	15,000	-
Free Fair	13,922	13,922	13,922	-
Extension Council	90,000	95,000	95,000	-
Historical Society	-	10,400	10,400	-
Zoning Commission	-	170	17,000	16,830
Election	30,567	28,201	35,200	6,999
(a) Budget Credit	-	-	93,158	93,158
Total Expenditures	1,177,470	1,340,687	1,403,300	62,613
Receipts Over (Under) Expenditures	(15,213)	196,012		
Unencumbered Cash, January 1	116,892	101,679		
Unencumbered Cash, December 31	\$ 101,679	297,691		
(a) Budget Credit				
Excess Federal Aid and Reimbursements Over Amount Budgeted		\$ 93,158		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2007
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
County Commissioners				
Personal Services	\$ 45,107	45,217	46,000	783
Contractual Services	6,711	4,491	9,000	4,509
Commodities	7,766	2,704	500	(2,204)
Capital Outlay	-	201	1,000	799
Department Total	59,584	52,613	56,500	3,887
County Clerk				
Personal Services	48,927	50,574	52,700	2,126
Contractual Services	4,334	5,348	7,840	2,492
Commodities	3,908	2,974	2,000	(974)
Capital Outlay	-	180	1,500	1,320
Department Total	57,169	59,076	64,040	4,964
County Treasurer				
Personal Services	102,067	88,204	94,000	5,796
Contractual Services	1,499	2,619	4,000	1,381
Capital Outlay	3	476	2,100	1,624
Department Total	103,569	91,299	100,100	8,801
County Attorney				
Personal Services	50,607	66,649	65,000	(1,649)
Contractual Services	5,825	3,525	5,100	1,575
Commodities	7,115	8,220	5,300	(2,920)
Department Total	63,547	78,394	75,400	(2,994)
Register of Deeds				
Personal Services	36,717	37,020	37,000	(20)
Contractual Services	3,808	4,582	4,350	(232)
Commodities	476	397	550	153
Department Total	41,001	41,999	41,900	(99)
Total Expenditures				
Carried Forward	\$ 324,870	323,381	337,940	14,559

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Total Expenditures Brought Forward	\$ 324,870	323,381	337,940	14,559
Sheriff				
Personal Services	148,655	164,148	142,500	(21,648)
Contractual Services	39,500	45,967	29,570	(16,397)
Commodities	26,544	35,161	30,900	(4,261)
Capital Outlay	56,793	75,850	17,100	(58,750)
Department Total	271,492	321,126	220,070	(101,056)
Dispatch				
Personal Services	99,807	100,903	96,000	(4,903)
Contractual Services	1,745	5,247	500	(4,747)
Commodities	11,817	4,631	6,860	2,229
Capital Outlay	1,422	16,893	8,000	(8,893)
Department Total	114,791	127,674	111,360	(16,314)
Court System				
Contractual Services	9,557	10,400	10,650	250
Commodities	5,061	4,351	8,500	4,149
Capital Outlay	2,743	812	5,600	4,788
Legal Cost	18,057	40,208	16,500	(23,708)
Department Total	35,418	55,771	41,250	(14,521)
Courthouse General				
Personal Services	16,516	29,780	15,650	(14,130)
Contractual Services	180,559	216,714	230,650	13,936
Commodities	17,155	16,602	8,700	(7,902)
Capital Outlay	20,810	54,805	120,000	65,195
Courthouse Repair	2,235	2,848	-	(2,848)
Department Total	237,275	320,749	375,000	54,251
Junior College Tuition	3,213	-	-	-
Area Agency on Aging	5,500	4,000	4,000	-
Juvenile Detention	1,015	3,035	3,000	(35)
CASA	3,500	3,500	3,500	-
Airport Maintenance	1,375	1,678	1,500	(178)
Emergency Preparedness	29,532	17,080	26,000	8,920
Total Expenditures Carried Forward	\$ 1,027,981	1,177,994	1,123,620	(54,374)

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2007
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Prior Year	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Total Expenditures Brought Forward	\$ 1,027,981	1,177,994	1,123,620	(54,374)
Soil Conservation	15,000	15,000	15,000	-
Free Fair	13,922	13,922	13,922	-
Extension Council	90,000	95,000	95,000	-
Historical Society	-	10,400	10,400	-
Zoning Commission	-	170	17,000	16,830
Election	30,567	28,201	35,200	6,999
(a) Budget Credit	-	-	93,158	93,158
Total Expenditures	\$ 1,177,470	1,340,687	1,403,300	62,613

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Road and Bridge Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 1,366,745	1,290,743	1,308,038	(17,295)
Federal Aid	-	20,522	-	20,522
State Aid	326,061	331,513	344,394	(12,881)
Collections	11,107	2,660	20,000	(17,340)
Reimbursements	106,981	32,377	-	32,377
Refunds	13,218	-	-	-
Total Cash Receipts	1,824,112	1,677,815	1,672,432	5,383
Expenditures				
Personal Services	582,751	607,425	705,000	97,575
Contractual Services	116,851	130,337	87,460	(42,877)
Commodities	426,682	511,359	642,450	131,091
Capital Outlay	292,427	286,702	321,472	34,770
Transfers Out	255,043	111,331	61,000	(50,331)
Total Expenditures	1,673,754	1,647,154	1,817,382	170,228
Receipts Over (Under) Expenditures	150,358	30,661		
Unencumbered Cash, January 1	170,458	320,816		
Unencumbered Cash, December 31	\$ 320,816	351,477		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Bridge Building Fund

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ -	8,731
Expenditures		
Contractual Services	-	28,413
Receipts Over (Under) Expenditures	-	(19,682)
Unencumbered Cash, January 1	19,682	19,682
Unencumbered Cash, December 31	\$ 19,682	-

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Special Machinery Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2007
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Cash Receipts		
Transfers In	\$ 121,000	100,200
	<u> </u>	<u> </u>
Receipts Over (Under) Expenditures	121,000	100,200
	<u> </u>	<u> </u>
Unencumbered Cash, January 1	9,855	130,855
	<u> </u>	<u> </u>
Unencumbered Cash, December 31	\$ 130,855	231,055
	<u> </u>	<u> </u>

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Noxious Weed Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
	Actual	Actual	Budget	
Cash Receipts				
Taxes	\$ 35,774	77,719	75,735	1,984
State Aid	3,894	4,154	-	4,154 (a)
Chemical Sales	240,651	219,297	130,000	89,297 (a)
Total Cash Receipts	<u>280,319</u>	<u>301,170</u>	<u>205,735</u>	<u>95,435</u>
Expenditures				
Personal Services	57,009	50,022	57,000	6,978
Contractual Services	7,690	10,029	9,900	(129)
Commodities	221,218	267,303	231,100	(36,203)
Capital Outlay	6,969	3,647	9,000	5,353
(a) Budget Credit	-	-	93,451	93,451
Total Expenditures	<u>292,886</u>	<u>331,001</u>	<u>400,451</u>	<u>69,450</u>
Receipts Over (Under) Expenditures	(12,567)	(29,831)		
Unencumbered Cash, January 1	<u>210,581</u>	<u>198,014</u>		
Unencumbered Cash, December 31	<u>\$ 198,014</u>	<u>168,183</u>		
(a) Budget Credit				
Excess State Aid and Chemical Sales Over Amount Budgeted		\$ <u>93,451</u>		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Health Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 99,599	135,517	136,754	(1,237)
Federal Aid	21,024	41,563	12,000	29,563
State Aid	8,021	7,196	6,500	696
Intergovernmental	15,032	16,639	-	16,639
Collections	104,455	99,273	109,000	(9,727)
Total Cash Receipts	<u>248,131</u>	<u>300,188</u>	<u>264,254</u>	<u>35,934</u>
Expenditures				
Personal Services	171,971	166,114	202,000	35,886
Contractual Services	18,725	21,495	24,750	3,255
Commodities	27,247	29,941	27,500	(2,441)
Capital Outlay	2,387	1,891	1,000	(891)
Total Expenditures	<u>220,330</u>	<u>219,441</u>	<u>255,250</u>	<u>35,809</u>
Receipts Over (Under) Expenditures	27,801	80,747		
Unencumbered Cash, January 1	<u>(1,595)</u>	<u>26,206</u>		
Unencumbered Cash, December 31	<u>\$ 26,206</u>	<u>106,953</u>		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Appraiser's Cost Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 94,316	107,080	108,314	(1,234)
Miscellaneous	331	1,286	-	1,286
Total Cash Receipts	<u>94,647</u>	<u>108,366</u>	<u>108,314</u>	<u>52</u>
Expenditures				
Personal Services	80,527	69,299	70,000	701
Contractual Services	36,862	45,049	6,400	(38,649)
Commodities	2,028	3,202	3,200	(2)
Capital Outlay	-	5,526	45,000	39,474
Total Expenditures	<u>119,417</u>	<u>123,076</u>	<u>124,600</u>	<u>1,524</u>
Receipts Over (Under) Expenditures	(24,770)	(14,710)		
Unencumbered Cash, January 1	<u>31,475</u>	<u>6,705</u>		
Unencumbered Cash, December 31	\$ <u>6,705</u>	<u>(8,005)</u>		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Employee Benefit Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2007
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 978,289	621,842	606,975	14,867
Collections	3,090	4,692	-	4,692
Total Cash Receipts	<u>981,379</u>	<u>626,534</u>	<u>606,975</u>	<u>19,559</u>
Expenditures				
Social Security	111,100	120,825	120,000	(825)
Employee Retirement	63,099	77,105	72,000	(5,105)
Workmen's Comp. Insurance	61,002	65,268	73,000	7,732
Health Insurance	538,083	686,121	750,000	63,879
Total Expenditures	<u>773,284</u>	<u>949,319</u>	<u>1,015,000</u>	<u>65,681</u>
Receipts Over (Under) Expenditures	208,095	(322,785)		
Unencumbered Cash, January 1	<u>304,707</u>	<u>512,802</u>		
Unencumbered Cash, December 31	\$ <u>512,802</u>	<u>190,017</u>		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Hospital Maintenance Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2007
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 149,386	224,417	224,750	(333)
Miscellaneous	5,955	-	-	-
Total Cash Receipts	<u>155,341</u>	<u>224,417</u>	<u>224,750</u>	<u>(333)</u>
Expenditures				
Appropriations	<u>151,000</u>	<u>223,975</u>	<u>225,000</u>	<u>1,025</u>
Receipts Over (Under) Expenditures	4,341	442		
Unencumbered Cash, January 1	<u>3,565</u>	<u>7,906</u>		
Unencumbered Cash, December 31	\$ <u>7,906</u>	<u>8,348</u>		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Ambulance Service Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 181,380	228,121	230,047	(1,926)
State Aid	-	1,670	-	1,670
Collections	104,860	92,468	89,000	3,468
Grant	-	8,637	-	8,637
Total Cash Receipts	<u>286,240</u>	<u>330,896</u>	<u>319,047</u>	<u>11,849</u>
Expenditures				
Personal Services	201,901	211,675	247,665	35,990
Contractual Services	44,541	52,896	38,820	(14,076)
Commodities	26,505	32,605	23,000	(9,605)
Capital Outlay	26,445	59,989	85,000	25,011
Total Expenditures	<u>299,392</u>	<u>357,165</u>	<u>394,485</u>	<u>37,320</u>
Receipts Over (Under) Expenditures	(13,152)	(26,269)		
Unencumbered Cash, January 1	<u>45,300</u>	<u>32,148</u>		
Unencumbered Cash, December 31	\$ <u>32,148</u>	<u>5,879</u>		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Mental Health Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 23,032	23,489	23,500	(11)
Expenditures				
Appropriations	23,032	23,489	23,500	11
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, January 1	-	-		
Unencumbered Cash, December 31	\$ -	-		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Mental Retardation Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 27,022	28,257	28,300	(43)
Expenditures				
Appropriations	27,022	28,257	28,300	43
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, January 1	-	-		
Unencumbered Cash, December 31	\$ -	-		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Special Alcohol Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2007
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental	\$ 8,946	8,818	10,979	(2,161)
Expenditures				
Contractual Services	5,000	10,000	10,745	745
Commodities	-	-	2,000	2,000
Total Expenditures	5,000	10,000	12,745	2,745
Receipts Over (Under) Expenditures	3,946	(1,182)		
Unencumbered Cash, January 1	16,542	20,488		
Unencumbered Cash, December 31	\$ 20,488	19,306		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
911 Telephone Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Collections	\$ 29,241	22,554
Expenditures		
Commodities	<u>17,291</u>	<u>43,571</u>
Receipts Over (Under) Expenditures	11,950	(21,017)
Unencumbered Cash, January 1	<u>13,123</u>	<u>25,073</u>
Unencumbered Cash, December 31	\$ <u><u>25,073</u></u>	<u><u>4,056</u></u>

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
E-911 Telephone Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Aid	\$ 51,000	48,828
Collections	<u>2,602</u>	<u>6,027</u>
Total Cash Receipts	53,602	54,855
Expenditures		
Commodities	<u>70,922</u>	<u>53,557</u>
Receipts Over (Under) Expenditures	(17,320)	1,298
Unencumbered Cash, January 1	<u>13,397</u>	<u>(3,923)</u>
Unencumbered Cash, December 31	<u>\$ (3,923)</u>	<u>(2,625)</u>

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Register of Deeds Technology Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Collections	\$ 4,702	4,821
Expenditures		
Capital Outlay	3,602	3,224
Receipts Over (Under) Expenditures	1,100	1,597
Unencumbered Cash, January 1	9,647	10,747
Unencumbered Cash, December 31	\$ 10,747	12,344

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
EMS Grant Memorial Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 10,000	-
State Aid	5,110	-
EMS Equipment Safety Grant	2,500	300
Memorials	2,687	-
Total Cash Receipts	<u>20,297</u>	<u>300</u>
Expenditures		
Personal Services	-	900
Contractual Services	10,408	4,118
Total Expenditures	<u>10,408</u>	<u>5,018</u>
Receipts Over (Under) Expenditures	9,889	(4,718)
Unencumbered Cash, January 1	<u>3,920</u>	<u>13,809</u>
Unencumbered Cash, December 31	<u>\$ 13,809</u>	<u>9,091</u>

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Bridge Construction Grant Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 217,373	75,631
Transfers In	134,043	2,400
Total Cash Receipts	<u>351,416</u>	<u>78,031</u>
Expenditures		
Contractual Services	425,447	4,000
Receipts Over (Under) Expenditures	(74,031)	74,031
Unencumbered Cash, January 1	<u>-</u>	<u>(74,031)</u>
Unencumbered Cash, December 31	<u>\$ (74,031)</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS

Guest Tax Fund

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Guest Tax	\$ 5,679	6,741
Expenditures		
Commodities	-	2,300
Receipts Over (Under) Expenditures	5,679	4,441
Unencumbered Cash, January 1	832	6,511
Unencumbered Cash, December 31	\$ 6,511	10,952

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2007
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 35,418	32,575	32,750	(175)
Expenditures				
Temporary Note Principal	27,500	27,500	27,500	-
Temporary Note Interest	5,828	5,141	5,141	-
Cash Basis Reserve	-	-	2,000	2,000
Total Expenditures	33,328	32,641	34,641	2,000
Receipts Over (Under) Expenditures	2,090	(66)		
Unencumbered Cash, January 1	(12)	2,078		
Unencumbered Cash, December 31	\$ 2,078	2,012		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Solid Waste Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes	\$ 216,579	211,542	225,000	(13,458)
Collections	38,788	42,310	50,000	(7,690)
Land Rent	2,303	2,137	-	2,137
Refund	16,671	-	-	-
Miscellaneous	13,389	14,759	-	14,759
Total Cash Receipts	<u>287,730</u>	<u>270,748</u>	<u>275,000</u>	<u>(4,252)</u>
Expenditures				
Personal Services	70,051	62,974	77,200	14,226
Contractual Services	26,510	45,698	50,000	4,302
Commodities	19,199	23,119	20,000	(3,119)
Capital Outlay	18,800	81,240	125,000	43,760
Total Expenditures	<u>134,560</u>	<u>213,031</u>	<u>272,200</u>	<u>59,169</u>
Receipts Over (Under) Expenditures	153,170	57,717		
Unencumbered Cash, January 1	<u>211,788</u>	<u>364,958</u>		
Unencumbered Cash, December 31	\$ <u>364,958</u>	<u>422,675</u>		

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Prosecuting Attorney's Training Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Collections	\$ 236	283
Expenditures		
Payments to Other Governments	170	133
Receipts Over (Under) Expenditures	66	150
Unencumbered Cash, January 1	1,076	1,142
Unencumbered Cash, December 31	\$ 1,142	1,292

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Special Motor Vehicle Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Collections	\$ 369,568	384,191
Expenditures		
Payments to Other Governments	357,823	362,615
Transfers Out	16,036	11,801
Total Expenditures	373,859	374,416
Receipts Over (Under) Expenditures	(4,291)	9,775
Unencumbered Cash, January 1	4,291	-
Unencumbered Cash, December 31	\$ -	9,775

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Distributable Funds, State Funds, and Subdivision Funds
Statement of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2007

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Distributable Funds				
Advance Tax	\$ -	2,995	2,995	-
Current Tax	4,170,288	6,634,692	6,594,245	4,210,735
Delinquent Personal Property	9,102	22,374	10,272	21,204
Real Estate Redemptions	33,249	71,607	41,171	63,685
Motor Vehicle Tax	127,382	670,533	674,751	123,164
Total Distributable Funds	\$ 4,340,021	7,402,201	7,323,434	4,418,788
State Funds				
State Institutional Building	\$ -	20,281	20,281	-
State Educational Building	-	40,563	40,563	-
Drivers Licenses	7,817	13,358	13,100	8,075
Total State Funds	\$ 7,817	74,202	73,944	8,075
Subdivision Funds				
Cities	\$ (529)	895,688	895,159	-
Townships	230	118,716	118,019	927
School Districts	-	1,669,993	1,669,993	-
Irrigation Districts	-	275,016	275,016	-
Other Special Districts	-	36,742	36,742	-
Cemeteries	94	19,459	19,375	178
Total Subdivision Funds	\$ (205)	3,015,614	3,014,304	1,105

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Agency Funds
Statement of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2007

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Courthouse Clock	\$ 50	-	50	-
Payroll Withholding	8,255	199,123	205,875	1,503
Smith County Veteran Memorial	4,884	1,200	878	5,206
Sales Tax	11,035	148,565	147,213	12,387
Game Licenses	(49)	15,506	15,457	-
Heritage Trust	293	1,258	1,234	317
Diversion Fee	5,730	2,908	4,128	4,510
Escrow	32,189	118,523	118,480	32,232
Election Filing Fee	-	40	-	40
Passport Fee	-	840	163	677
Concealed Weapon	120	280	-	400
Sexual Predator Registration	-	140	-	140
Sheriff Vins	462	1,683	439	1,706
County Clerk	-	1,540	1,540	-
Register of Deeds	76	40,241	39,406	911
Clerk of District Court	17,699	281,277	286,376	12,600
Sheriff	60	7,529	6,129	1,460
	<u>\$ 80,804</u>	<u>820,653</u>	<u>827,368</u>	<u>74,089</u>

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, KANSAS
Notes to Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies

The County has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

A. Financial Reporting Entity

Smith County, Kansas, is a municipal corporation governed by an elected three-member commission. The County receives funding from local, state, and federal government sources and must comply with the requirements of those funding sources. These financial statements present **Smith County, Kansas**, the primary government, and none of its component units.

Smith County, Kansas is the primary government as defined in GASB #14 and further amended by GASB #39. The County's Commissioners are elected by the public. They have the authority to make decisions, levy taxes, influence operations and have the primary accountability in fiscal matters.

The following are component units of **Smith County, Kansas**. The County exercises significant influence or accountability based primarily on operational or financial relationships with the County (as distinct from legal relationships).

Smith County Memorial Hospital - Smith County Memorial Hospital Board operates the County's Hospital. The Board is a Commissioner appointed seven member executive board. The Hospital can sue and be sued, and can buy, sell, or lease real property. The County annually levies a tax for the Hospital. Bond issues must be approved by the County.

Smith County Extension Council - Smith County Extension Council provides services in such areas as agriculture, home economics, and 4-H Club to all persons in the County. The District is an elected four member executive board. The County annually provides significant operating subsidies to the Council that causes the Council to be financially dependent on the County.

B. Basis of Presentation – Fund Accounting

The accounts of the government are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the County for the year ended December 31, 2007.

Governmental Fund Categories

General Fund – reports as the primary fund of the County. This fund is used to account for all financial resources not reported in other funds.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Debt Service Fund - to account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

SMITH COUNTY, KANSAS
Notes to Financial Statements
December 31, 2007

B. Basis of Presentation – Fund Accounting (cont.)

Proprietary Fund

Enterprise Fund - to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Agency Funds - to account for fiduciary assets held by the County in a custodial capacity as an agent on behalf of others.

Private Purpose Trust Funds - to account for assets held by governmental unit as trustee or agent, for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

C. Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the statutory basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The County has approved a resolution that is in compliance with K.S.A. 75-1120(a)(c), waiving the requirement for application of generally accepted accounting principles and allowing the County to use the Statutory Basis of Accounting.

D. Departure from Generally Accepted Accounting Principles in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. General capital assets that account for the land, buildings, and equipment owned by the County are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

E. Accounting for Capital Assets and Depreciation

The County does not maintain a record of capital assets used in performance of general government operations and the proprietary funds as required by generally accepted accounting principles.

SMITH COUNTY, KANSAS
Notes to Financial Statements
December 31, 2007

F. Budgets

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the current year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for fiduciary funds and the following special revenue funds:

Bridge Building Fund, Special Machinery Fund, 911 Telephone Fund, E-911 Telephone Fund, Register of Deeds Technology Fund, EMS Grant Memorial Fund, Bridge Construction Grant Fund and the Guest Tax Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

SMITH COUNTY, KANSAS
Notes to Financial Statements
December 31, 2007

H. Deposits and Investments

The County follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the Summary of Cash Receipts, Cash Disbursements and Unencumbered Cash.

As of December 31, 2007, the County had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds have a main or branch bank in the County in which the County is located or in an adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County's designated "peak periods" are from December 15 through February 13 and from May 15 through July 14.. All deposits were legally secured at December 31, 2007.

At December 31, 2007, the County's carrying amount of deposits was \$6,629,033 and the bank balance was \$6,460,642. The bank balance was held by First National Bank, Smith County State Bank, Farmers National Bank – Kensington and Farmers National Bank – Gaylord resulting in a concentration of credit risk. Of the bank balance, \$285,000 was covered by federal depository insurance, \$5,050,329 was collateralized with securities held by the pledging financial institutions' agents in the County's name and the balance of \$1,125,313 was secured under a designated peak period.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

I. Property Tax Calendar

Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major property tax payments are received January through July and are recognized as revenue in the year received.

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase as required by state statutes.

SMITH COUNTY, KANSAS
Notes to Financial Statements
December 31, 2007

K. Compensated Absences

Employees of Smith County earn one (1) day of vacation time and eight (8) hours of sick leave per month of employment. Vacation time is not allowed until one year of employment is completed. The County's policies regarding vacation and sick pay permit employees to accumulate a maximum of twenty-four (24) days vacation time and a maximum accumulation of one hundred (100) days sick pay. Unused vacation time due to an employee who terminates employment with the County will be paid on the payroll following the final date of employment. The amount of accumulated vacation time as of December 31, 2007 totaled \$66,145. Accumulated sick leave over thirty (30) days shall be paid to the employee upon termination of employment at the regular rate of pay, at the rate of four (4) hours pay for each day credited. The potential accrued sick leave liability as of December 31, 2007 is approximately \$50,054.

Employees of Smith County in the Sheriff's Department may accrue a maximum of four hundred eighty (480) hours of compensatory time. Employees performing work that does not include the preceding activities may accrue a maximum of two hundred forty (240) hours of compensatory time. Compensatory time off will be paid for the unused time upon termination of employment. Employees may use compensatory time accrued. Compensatory time is paid at time and a half of the employee's base wage. Accrued compensatory time as of December 31, 2007 was \$7,365.

L. Defined Benefit Pension Plan

Plan Description — The County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy — K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2007 is 5.31%.

The Smith County employer contributions to KPERS for the years ending December 31, 2007, 2006, and 2005 were \$76,888, \$63,138, and \$50,517, respectively, equal to the statutory required contributions for each year.

M. Deferred Compensation Plan

The County sponsors a deferred compensation plan under the Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The County is not responsible to make any contributions.

N. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

SMITH COUNTY, KANSAS
Notes to Financial Statements
December 31, 2007

N. Other Post Employment Benefits (cont.)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the County for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

O. Reimbursements

The County records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund.

2. Closure and Postclosure Care Cost

State and federal laws and regulations require that **Smith County, Kansas** place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty (30) years after closure. The current year expenditures relating to the operation of the landfill are provided in the Solid Waste Fund in these financial statements.

The estimate of closure and postclosure care liability at year end would be \$90,721. This liability is based on the use of 19.89% of the estimated cost of closure and postclosure care of \$456,111 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. The County expects the landfill to continue to operate indefinitely. Actual costs may be higher due to inflation, changes in technology or in regulations. The County is not required to currently accumulate funds to pay the future costs of closure and postclosure, and has not done so. These future costs will be met when due by the allocation of general tax revenues, the issuance of debt, or both.

The County has a Municipal Solid Waste Landfill that was closed February 26, 1999. State and federal laws and regulations require **Smith County, Kansas** to perform certain maintenance and monitoring functions at the landfill site for thirty (30) years after closure. The County recognized monitoring and maintenance cost along with final closure costs of \$5,773 for 2007.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, recordkeeping and reporting, and calculation of costs to be assured. The County has satisfied all four requirements.

3. Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects, and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas Statutes. The County's operating transfers and statutory authority for December 31, 2006 were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
Road and Bridge	Special Machinery	K.S.A. 68-141g	\$ 100,200
Road and Bridge	Bridge Building	K.S.A. 68-141g	8,731
Road and Bridge	Bridge Construction Grant	K.S.A. 68-141g	2,400
			<u>\$ 111,331</u>

4. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SMITH COUNTY, KANSAS
Notes to Financial Statements
December 31, 2007

5. Risk Management – Claims and Judgments

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

The County carries commercial insurance for other risks of loss, including property, general liability, inland marine, workmen's compensation, crime, umbrella, automobile, and fidelity bond coverage.

The County has elected not to obtain comprehensive and collision coverage on various County owned motor vehicles, due to the age of the vehicle.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

Smith County, Kansas also participates in the Kansas Workers Risk Cooperative for Counties (KWORC) to provide workers compensation insurance. The County joined KWORC in January 2005. The County, along with other participating counties, contributes annual amounts determined by KWORC management. As claims arise they are submitted to and paid by KWORC. During 2007, the County contributed \$54,978 to the fund for this insurance coverage. There were no significant reductions in insurance coverage from the prior year. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. At December 31, 2007, the financial statements do not include liabilities for anticipated costs.

6. Litigation

The County is party to various legal proceedings, such as foreclosure actions and tax appeals, which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the funds of the County.

7. Grants and Shared Revenues

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the County, any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

8. Comparative Data

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the County's cash and unencumbered cash balances. However, complete comparative data (i.e., presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

9. Compliance with Kansas Statutes

Per K.S.A. 19-716, the County Attorney should review and approve warrants presented for payment.

Expenditures exceeded available monies in the following funds, which is in violation of K.S.A. 10-1113:

E911 Fund	\$(2,625)
Appraiser's Cost Fund	\$ (8,005)

SMITH COUNTY, KANSAS
Notes to Financial Statements
December 31, 2007.

10. Long-Term Debt

The County has the following types of Long Term Debt:

Lease Obligations

The County has entered into lease agreements with an option to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

Revolving Loan

The County enacted a \$64,420 revolving loan agreement on December 27, 2004 with the Kansas Department of Transportation acting on behalf of the State of Kansas to finance the Cedar Bridge Project.

Temporary Notes

The County issued temporary notes pursuant to Kansas Statutes for the financing of the Emergency Medical Service building project.

Changes in long-term liabilities for the County at December 31, 2007 and current maturities of long-term debt and interest for the next five years and in five year increments through maturity are included on the next two pages.

SMITH COUNTY, KANSAS

Statement of Changes in Long Term Debt
For the Year Ended December 31, 2007

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Capital Leases										
General Fund										
5 M100 ES+S Election Machines	5.95%	07/24/06	\$ 20,177	07/24/09	20,177	-	(6,341)	(6,341)	13,836	1,201
3 Carrier 2 1/2 Ton Air Conditioner Units	5.00%	10/16/06	17,500	10/16/07	17,500	-	(17,500)	(17,500)	-	201
(4) Fujitsu Scanners	5.50%	01/10/05	46,000	01/10/10	37,758	-	(8,695)	(8,695)	29,063	2,077
Total General Fund			<u>83,677</u>		<u>75,435</u>	-	<u>(32,536)</u>	<u>(32,536)</u>	<u>42,899</u>	<u>3,479</u>
Road and Bridge Fund										
CAT RM-350B Reclaimer	3.50%	12/30/02	248,164	01/01/08	136,210	-	(37,056)	(37,056)	99,154	4,767
Cat Motor Grader -140G	3.75%	05/09/03	50,175	04/24/07	13,245	-	(13,245)	(13,245)	-	497
1988 Cat 12H Motorgrader	3.25%	09/15/03	49,778	09/15/08	20,872	-	(10,269)	(10,269)	10,603	678
1988 140H Cat Motorgrader	4.00%	12/08/03	104,800	12/08/05	44,425	-	(21,773)	(21,773)	22,652	1,561
Cat Blade 9TN00608	4.50%	02/09/04	100,000	02/17/09	52,778	-	(20,410)	(20,410)	32,368	2,148
Daewoo Wheel Loader	4.00%	05/10/04	129,000	05/10/09	80,413	-	(25,760)	(25,760)	54,653	3,217
Cat 963 Loader SN BB002778	5.25%	08/04/06	209,219	08/04/11	209,219	-	(37,675)	(37,675)	171,544	10,984
2002 Cat Motorgrader Model 140HNA	5.00%	09/04/07	105,000	09/04/09	-	105,000	-	105,000	105,000	-
Total Road and Bridge Fund			<u>996,136</u>		<u>557,162</u>	<u>105,000</u>	<u>(166,188)</u>	<u>(61,188)</u>	<u>495,974</u>	<u>23,852</u>
Total General and Special Revenue Funds			<u>1,079,813</u>		<u>632,597</u>	<u>105,000</u>	<u>(198,724)</u>	<u>(93,724)</u>	<u>538,873</u>	<u>27,331</u>
Enterprise Fund										
CAT 2006 Wheel Tractor Scraper Model 613 II	5.00%	12/26/06	220,555	12/26/09	220,555	-	(69,962)	(69,962)	150,593	11,028
County Extension Department										
2007 Chevrolet 4D Uplander	5.00%	12/26/07	6,450	12/26/09	-	6,450	-	6,450	6,450	-
Total Capital Leases			<u>1,306,818</u>		<u>853,152</u>	<u>111,450</u>	<u>(268,686)</u>	<u>(157,236)</u>	<u>695,916</u>	<u>38,359</u>
Revolving Loan										
KDOT Revolving Loan - Bridge Construction	3.62%	5/9/2005	64,420	08/01/14	51,917	-	(5,661)	(5,661)	46,256	1,879
Temporary Notes										
EMS Construction Note	2.50%	6/22/2004	295,000	04/01/08	212,500	-	(27,500)	(27,500)	185,000	5,141
Total Contractual Indebtedness			<u>1,666,238</u>		<u>1,117,569</u>	<u>111,450</u>	<u>(301,847)</u>	<u>(190,397)</u>	<u>927,172</u>	<u>45,379</u>
Amount to be Provided for Compensated Absences			<u>N/A</u>		<u>57,059</u>	-	<u>(7,005)</u>	<u>(7,005)</u>	<u>50,054</u>	-
Total Long Term Debt			<u>\$ 1,666,238</u>		<u>\$ 1,174,628</u>	<u>111,450</u>	<u>(308,852)</u>	<u>(197,402)</u>	<u>977,226</u>	<u>45,379</u>

SMITH COUNTY, KANSAS

Statement of Maturities of Long-Term Debt
For the Year Ended December 31, 2007

Issue	2008	2009	2010	2011	2012 - 2015	Total
Principal						
Capital Leases						
General Fund						
5 M100 ES+S Election Machines	\$ 6,718	7,118	-	-	-	13,836
(4) Fujitsu Scanners	9,174	9,678	10,211	-	-	29,063
Total General Fund	15,892	16,796	10,211	-	-	42,899
Road and Bridge Fund						
CAT RM-350B Reclaimer	99,154	-	-	-	-	99,154
1988 Cat 12H Motorgrader	10,603	-	-	-	-	10,603
1988 140H Cat Motorgrader	22,652	-	-	-	-	22,652
Cat Blade 9TN00608	21,338	11,030	-	-	-	32,368
Daewoo Wheel Loader	26,791	27,862	-	-	-	54,653
CAT 963 Loader SN BBD02778	39,653	41,734	43,926	46,231	-	171,544
2002 Cat Motorgrader Model 140HNA	51,220	53,780	-	-	-	105,000
Total Road and Bridge Fund	271,411	134,406	43,926	46,231	-	495,974
County Extension Department						
2007 Chevrolet 4D Uplander	3,146	3,304	-	-	-	6,450
Total General & Special Revenue Funds	290,449	154,506	54,137	46,231	-	545,323
Proprietary Fund						
CAT 2006 Wheel Tractor Scraper Model 613 II	73,460	77,133	-	-	-	150,593
Total Proprietary Fund	73,460	77,133	-	-	-	150,593
Total Capital Leases	363,909	231,639	54,137	46,231	-	695,916
Revolving Loan						
KDOT Revolving Loan - Bridge Construction	5,880	6,107	6,344	6,589	21,336	46,256
Temporary Notes						
EMS Construction Note	185,000	-	-	-	-	185,000
Total Principal	554,789	237,746	60,481	52,820	21,336	927,172
Interest						
Capital Leases	32,414	16,515	5,295	2,427	-	56,651
Revolving Loan	1,674	1,462	1,241	1,011	1,564	6,952
Temporary Notes	2,312	-	-	-	-	2,312
Total Interest	36,400	17,977	6,536	3,438	1,564	65,915
Total Principal and Interest	\$ 591,189	255,723	67,017	56,258	22,900	993,087